



NMECG

New Mexico Exchange Carrier Group
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Charles M. Ferrell
Executive Director
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| ▪ BacaValley Tele. Co. Inc ▪ CenturyLink ▪ Dell Telephone RTC ▪ ENMR Plateau RTC. ▪ ▪ La Jicarita RTC ▪ Leaco RTC ▪ PVT RTC ▪ Roosevelt County RTC ▪ Sacred Wind Communications ▪ ▪ Tularosa Basin Tele. Co. Inc. ▪ Valley Telecom Group ▪ Western NM Tele. Co. Inc. ▪ Windstream Comm. Inc. ▪ |
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September 15, 2011

Filed Via ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Notice of Ex Parte regarding: *Connect America Fund*, WC Docket No. 10-90; *A National Broadband Plan for Our Future*, GN Docket No.09-51; *Establishing Just and Reasonable Rates for Local Exchange Carriers*, WC Docket No. 07-135; *High-Cost Universal Support*, WC Docket No. 05-337; *Developing a Unified Intercarrier Compensation Regime*, CC Docket 01-92; *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45; *Lifeline and Link-up*, WC Docket No. 03-109

Dear Ms. Dortch:

In this *ex parte* submittal, the New Mexico Exchange Carrier Group (“NMECG”) files the attached Economic Impact Study resulting from the proposed Federal Communications Commission (“FCC”) rule changes on the state of New Mexico economy and the state’s rural rate-of-return telecommunications carriers. The proposed FCC rule changes are associated with a 2009 congressional mandate to establish a National Broadband Plan to ensure that all Americans have access to broadband services. The proposed rule changes would essentially eliminate the federal Universal Service Fund (“USF”) mechanism that provides support revenue to rural local exchange carriers. The federal USF has been a long standing major source of support revenue for these rural telecommunications carriers.

The Impact Study shows that the economic impacts of the proposed rule changes would be felt mainly in the rural areas of New Mexico. New Mexico’s non-metropolitan counties generally exhibit a stagnant or declining population base with low income and high poverty rates.

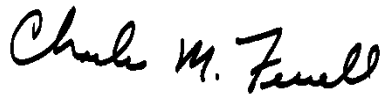
The annual loss of federal USF support flowing to New Mexico carriers resulting from elimination of the USF to 11 of the 13 members of the NMECG is estimated to be \$34.5 million. The Impact Study uses a long range, dynamic REMI PI+ economic model. The \$34.5 million annual reduction in USF support is assumed to begin in 2012 and continue through 2021.

These estimated financial impacts are substantial and translate directly to job loss. The Study projects that in 2012 there would be a loss of 99 jobs in the 11 rural telephone companies and a loss of 261 private sector jobs resulting in a total loss of 335 jobs in these New Mexico rural counties. Additional impacts in 2012 would include reduced New Mexico personal income of \$14.1 million and a decrease in New Mexico tax revenues of \$978,000.

Overall, for the ten year projections in this Study (2012 to 2021), elimination of support from the federal USF would result in the New Mexico telecommunications industry losing a total of 805 jobs or about 80 jobs per year. During this period, private non-farm employment in New Mexico would decrease by 2,400 jobs while total employment would decrease by 3,146 jobs. New Mexico personal income is projected to decrease by \$200.3 million during the ten year study period and State tax revenue would decline by \$13.6 million.

Pursuant to Section 1.1206(b) of the Commission's rules, a copy of the attached Economic Impact Study is filed for the inclusion in the public record of the referenced proceedings.

Respectfully submitted,

A handwritten signature in black ink that reads "Charles M. Ferrell". The signature is written in a cursive, flowing style.

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